



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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January 24, 2001

CERTIFIED RETURN RECEIPT  
7000 0520 0021 7582 8418

Mr. Neldon Kunz  
Mine Superintendent  
American Gilsonite Company  
Bonanza Operations  
HC 73 Box 28  
Vernal, Utah 84078-9284

Re: Request for Completion of Review of Bond Estimate and Summary Listing of Mine Sites,  
American Gilsonite Company (AGC), Bonanza Operations, M/047/010, Uintah County, Utah

Dear Mr. Kunz:

It has now been over (seven months/250 days) since AGC was first requested to completed a review of the reclamation surety estimate (attachment to May 17, 2000 Division letter). This request was made again in the Division's July 19, 2000 letter, which granted approval to begin work on I-12 and granted 90 days to complete the review of the estimate. No request by AGC for an extension in the review time frame has been received by the Division. **Please provide a response to the Division's May 17, 2000, letter by commenting on the revised surety estimate and summary listing of mine sites within 15 days of your receipt of this letter.**

As background, the Division letter of May 17, 2000, granted tentative approval of the I-12 amendment and provided a detailed revision of surety estimate which was overdue. The revised estimate gave a reclamation surety amount of \$844,000 in year 2005 dollars. AGC was to address the Division comments (including review of the surety estimate and listing of mine sites) and subsequently post a replacement surety.

The Division's July 19, 2000 letter, recognized the surety posted with the School and Institutional Trust Lands Administration (SITLA) for the I-12 site and granted AGC approval to begin work on I-12. AGC was to complete a review of the reclamation surety estimate and respond within 90 days of that date.

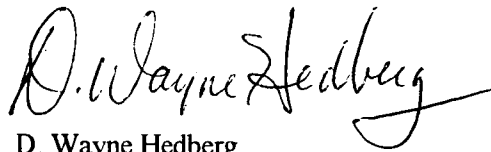
The Division's August 29, 2000 letter, clarified that we requested completion of a review of the surety estimate within 90 days, but would not require posting of a replacement surety within the same 90-day time frame. The Division agreed to allow AGC an additional 90 days to post the replacement surety after the amount has been finalized.

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The Division's September 2, 2000 letter, suggested AGC consider replacing their existing United Pacific Insurance Company surety, due to a drop in the Best Key rating from a B++ to a C.

If you have any questions regarding this request, please contact me or Tony Gallegos at (801) 538-5286 and 538-5267 respectively, at your earliest convenience. Thank you for your cooperation in completing this important permitting action.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

D. Wayne Hedberg  
Permit Supervisor  
Minerals Reclamation Program

jb  
cc: Stan Perkes, BLM State Office  
Will Stokes, SITLA  
Mary Ann Wright, Associate Director  
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